



## BROWN & PEISCH

The Affordable Care Act provides for an increased federal match of 90% for medical assistance provided to individuals enrolled in the new "expansion" eligibility group for non-Medicare eligible adults between ages 19 and 65, up to 133 percent of poverty (plus a 5% income disregard), but only as long as they are "newly eligible." Social Security Act (SSA) §1905(y)(1). "Newly eligible" means that they would not have been eligible for full benefits, benchmark benefits, or benchmark equivalent benefits under the eligibility rules in the State in effect in December 2009. SSA § 1905(y)(2), 42 C.F.R. §§ 433.202, 433.204(a)(1).

The below chart summarizes how these rules would apply in Missouri, for non-Medicare eligible individuals between ages 19 and 65:

Eligibility Group	Newly Eligible for 90% Match?	Source
Blind pensioners	Yes, for income up to 138% FPL	42 C.F.R. 433.204(a)(1)
Breast-Cervical Cancer Group	Yes, for income up to 138% FPL	42 C.F.R. 433.204(a)(1)
Disabled	No, except to extent individuals elect not to pursue a disability determination because they now are covered through the expansion group	42 C.F.R. 433.206(c)(4)
Pregnant women	No, with limited exception for women who are not pregnant upon enrollment but become pregnant and elect to remain in expansion group. If they are pregnant on redetermination, they will be moved to the pregnant woman group and qualify only for the regular FMAP.	77 Fed. Reg. 17143, 17149 (Mar. 23, 2012); CMS, <i>Questions and Answers: Medicaid and the Affordable Care Act</i> (Feb. 2013)
Presumptive eligibility	No, except for individuals who are determined by a hospital to be presumptively eligible for the expansion group (and then only after actual eligibility is determined)	CMS, <i>Medicaid and CHIP FAQs: Implementing Hospital Presumptive Eligibility Programs</i> (Jan. 2014)
Spend-down	Yes, for income up to 138% FPL. However, unless the State drops its 209(b) status, individuals must be given choice to spend-down rather than enroll in the expansion group	SSA 1902(f); 42 C.F.R. 433.206(f)
Women in Family Planning Waiver receiving limited benefits	Yes, for income up to 138% FPL	42 C.F.R. 433.204(a)(1)



State of Missouri

# Budget Development for Proposed Newly Eligible Medicaid Population

## Missouri House Budget Committee Hearing

**Mercer Government Human Services Consulting**

Ready for next. Together.

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# Newly Eligible Population Budget Development Overview

- New Medicaid eligibility to individuals age 19 to 64 with income up to 138% of the Federal Poverty Level (FPL) for Medical Assistance under MO HealthNet for the health benefits service package.
- Budget development limited to newly eligible populations only for State Fiscal Years (SFY) 2022 through 2026.
- Newly eligible individuals enrolled in MO HealthNet's Medicaid Managed Care (MC) Program.
- Existing MC carve-out services (e.g., behavioral health and pharmacy benefits) provided through the fee-for-service (FFS) Medicaid program consistent with the current Medicaid MC program.
- Medically Frail individuals allowed to opt out of MC to receive services through Missouri's FFS Medicaid program.
- Budget estimates reflect total expenditures with no separation of the State and Federal share and are still being refined.

# Newly Eligible Population Budget Development Population Estimates

- Estimates comprised of uninsured individuals and the “Crowd-Out” population developed in concert with MO HealthNet Division.
- Missouri uninsured population estimates developed from the 2018 American Community Survey (ACS) for individuals 19–64 years of age with incomes below 138% of the FPL.
- Crowd-Out population includes individuals under 138% FPL currently insured though eligible for Medicaid upon implementation of new eligibility.
- Crowd-Out population estimates also developed from the 2018 ACS for individuals below 138% of the FPL.
- Take-Up rate assumptions by SFY were developed for both the uninsured and Crowd-Out populations and increase over time.



# Newly Eligible Population Budget Development Population Estimates

- Unemployment impacts related to the COVID-19 pandemic were considered in the development of the population estimates.
  - Unemployment impacts developed from a Health Management Associates (HMA) study which included Missouri specific enrollment estimates.
  - Assumed a 10% unemployment rate in SFY 2022 and yearly decreases down to a 4% unemployment rate in SFY 2026.
- Estimated enrollees by SFY are provided below:

State Fiscal Year	Estimated Enrollees
2022	286,000
2023	292,000
2024	303,000
2025	297,000
2026	285,000

# Newly Eligible Population Budget Development Cost Estimates

- Missouri's adult TANF population used as a "proxy" population for the cost development.
- Acuity adjustments applied to costs to reflect the relative cost of the newly eligible population to the TANF population based on Mercer's experience with other states that enrolled a similar population into Medicaid.
- Pent-Up demand adjustments made to consider the unmet need of a previously uninsured population that wear off over time.
- Medical inflation or trend applied to the cost estimates to project future costs.
  - Based on the CMS Office of the Actuary Medicaid medical trend projections.
  - Ranged from 5.00% to 5.25% by SFY.

# Newly Eligible Population Budget Development Cost Estimates

- Member cost sharing for the newly eligible population was included in the budget development consistent with the maximum allowable cost sharing levels.
- Non-benefit expense loads for the managed care program were applied consistent with current MC program.

- Per member per month (PMPM) cost estimates by SFY are provided below:

State Fiscal Year	PMPM Cost Estimates
2022	\$731.25
2023	\$751.13
2024	\$774.80
2025	\$802.02
2026	\$829.59



# Newly Eligible Population Budget Development

## Total Program Costs

Total program cost estimates are developed below:

	SFY 2022	SFY 2023	SFY 2024	SFY 2025	SFY 2026
Estimated Enrollees	286,000	292,000	303,000	297,000	285,000
Total Cost MPM	\$731.25	\$751.13	\$774.80	\$802.02	\$829.59
Total Cost Dollars	\$2,505M	\$2,633M	\$2,820M	\$2,860M	\$2,837M

Note:

- Estimates are continuing to be refined.
- MPM estimates include the maximum member cost sharing levels
- Estimates are intended for budgetary purposes only and do not constitute an actuarially sound rate development.
- The budget estimates developed by Mercer are projections based upon the information and data available at a point in time. They are subject to unforeseen and random events and the impact of these events on human behavior and economic conditions. Therefore, any projection must be interpreted as having a likely, and potentially wide, range of variability from the estimates.



# Increase Eligibility to 138% FPL for Adults and 138% for Medically Frail

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>Healthy Adults Uninsured- Up to 138% Medicaid</b>					
Participants	159,288	159,359	163,952	157,922	145,861
PM/PM	\$663.14	\$685.13	\$710.32	\$735.29	\$760.65
GR 61%	\$77,828,719	\$80,445,387	\$85,806,188	\$85,555,771	\$81,747,089
Federal	\$1,140,811,846	\$1,179,166,910	\$1,257,745,436	\$1,254,074,819	\$1,198,247,235
Other 39%	\$48,928,152	\$50,573,158	\$53,943,304	\$53,785,876	\$51,391,493
Total	\$1,267,568,717	\$1,310,185,455	\$1,397,494,928	\$1,393,416,466	\$1,331,385,817
<b>Healthy Adults Crowd Out- Up to 138% Medicaid</b>					
Participants	121,130	127,860	134,589	134,589	134,589
PM/PM	\$663.14	\$685.13	\$710.32	\$735.29	\$760.65
GR 61%	\$59,184,650	\$64,544,435	\$70,438,683	\$72,915,048	\$75,429,843
Federal	\$867,527,446	\$946,091,077	\$1,032,488,847	\$1,068,787,339	\$1,105,649,176
Other 39%	\$37,207,289	\$40,576,795	\$44,282,299	\$45,839,101	\$47,420,065
Total	\$963,919,385	\$1,051,212,307	\$1,147,209,829	\$1,187,541,488	\$1,228,499,084
<b>Medically Frail Alcohol and Drug Abuse (ADA) 0% FPL to 138% FPL</b>					
Participants - also included in uninsured	29,175	29,600	30,320	31,230	32,167
PM/PM	\$196.75	\$196.75	\$196.75	\$196.75	\$196.75
GR	\$6,888,252	\$6,988,762	\$7,158,817	\$7,373,581	\$7,594,789
Federal	\$61,994,272	\$62,898,861	\$64,429,352	\$66,362,233	\$68,353,100
Other	\$0	\$0	\$0	\$0	\$0
Total	\$68,882,524	\$69,887,623	\$71,588,169	\$73,735,814	\$75,947,889
<b>Medically Frail Comprehensive Psychiatric Services (CPS) 0% FPL to 138% FPL</b>					
Participants - also included in uninsured	16,811	17,008	17,341	17,861	18,397
PM/PM	\$508.81	\$508.81	\$508.81	\$508.81	\$508.81
GR	\$10,264,485	\$10,384,734	\$10,587,953	\$10,905,591	\$11,232,759
Federal	\$92,380,361	\$93,462,604	\$95,291,573	\$98,150,320	\$101,094,830
Other	\$0	\$0	\$0	\$0	\$0
Total	\$102,644,846	\$103,847,338	\$105,879,526	\$109,055,911	\$112,327,589

**Increase Eligibility to 138% FPL for Adults and 138% for Medically Frail**

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>Medically Frail 0% FPL to 138% FPL</b>					
Participants	4,790	4,682	4,676	4,574	4,371
PMFM	\$4,454.46	\$4,604.89	\$4,777.36	\$4,948.34	\$5,121.97
GR	\$15,719,735	\$15,884,780	\$16,458,102	\$16,676,378	\$16,494,012
Federal	\$230,419,570	\$232,838,799	\$241,242,539	\$244,442,014	\$241,768,901
Other	\$9,882,439	\$9,986,198	\$10,346,624	\$10,483,846	\$10,369,199
Total	\$256,021,744	\$258,709,777	\$268,047,265	\$271,602,238	\$268,632,112

<b>Opt-Out 0% FPL to 138% FPL</b>					
Participants	315	220	124	124	124
PMFM	\$4,745.37	\$5,384.88	\$5,584.76	\$5,781.77	\$5,981.50
GR	\$1,102,061	\$871,479	\$510,653	\$528,667	\$546,929
Federal	\$16,153,988	\$12,774,123	\$7,485,137	\$7,749,194	\$8,016,883
Other	\$692,826	\$547,868	\$321,029	\$332,354	\$343,836
Total	\$17,948,875	\$14,193,470	\$8,316,819	\$8,610,215	\$8,907,648

<b>TOTAL</b>					
Participants	285,208	291,900	303,217	297,085	284,820
GR	\$170,987,902	\$179,119,577	\$190,960,395	\$193,955,037	\$193,045,421
Federal	\$2,409,287,483	\$2,527,232,374	\$2,698,682,884	\$2,739,565,919	\$2,723,130,125
Other	\$96,710,707	\$101,684,019	\$108,893,257	\$110,441,177	\$109,524,592
Total	\$2,676,986,092	\$2,808,035,970	\$2,998,536,537	\$3,043,962,133	\$3,025,700,138

**Savings from Current Populations Now Covered Under the Expansion with Enhanced Federal Match**

		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>Pregnant Women</b>						
Participants		1,752	3,503	3,503	3,503	3,503
PM/PM		\$790.64	\$814.36	\$838.79	\$863.95	\$889.87
GR	61%	(\$2,263,921)	(\$5,085,335)	(\$5,237,896)	(\$5,395,032)	(\$5,556,883)
Federal		\$3,711,345	\$8,336,616	\$8,586,714	\$8,844,315	\$9,109,645
Other	39%	(\$1,447,425)	(\$3,251,280)	(\$3,348,818)	(\$3,449,283)	(\$3,552,762)
Total		\$0	\$0	\$0	\$0	\$0
<b>Breast and Cervical Cancer Treatment</b>						
Participants		1,802	1,802	1,802	1,802	1,802
PM/PM		\$1,367.96	\$1,409.00	\$1,451.27	\$1,494.81	\$1,539.65
GR	61%	(\$1,586,642)	(\$4,211,314)	(\$4,661,359)	(\$4,801,199)	(\$4,945,235)
Federal		\$2,601,052	\$6,903,793	\$7,641,571	\$7,870,818	\$8,106,943
Other	39%	(\$1,014,410)	(\$2,692,479)	(\$2,980,213)	(\$3,069,619)	(\$3,161,708)
Total		\$0	\$0	\$0	\$0	\$0
<b>Ticket to Work</b>						
Participants		211	211	211	211	211
PM/PM		\$1,962.52	\$2,021.39	\$2,082.03	\$2,144.49	\$2,208.83
GR	61%	(\$461,303)	(\$760,227)	(\$783,033)	(\$806,524)	(\$830,720)
Federal		\$756,234	\$1,246,273	\$1,283,661	\$1,322,171	\$1,361,836
Other	39%	(\$294,931)	(\$486,046)	(\$500,628)	(\$515,647)	(\$531,116)
Total		\$0	\$0	\$0	\$0	\$0
<b>Blind Pension</b>						
Participants		58	58	58	58	58
PM/PM		\$737.92	\$760.06	\$782.86	\$806.34	\$830.54
GR		(\$462,233)	(\$476,100)	(\$490,383)	(\$505,094)	(\$520,247)
Federal		\$462,233	\$476,100	\$490,383	\$505,094	\$520,247
Other		\$0	\$0	\$0	\$0	\$0
Total		\$0	\$0	\$0	\$0	\$0



## Spenddown

**TOTAL**  
**Total participants within Expansion**

### IT One-Time Costs

**FSD FTE (87 FTE)**

**FSD Call Center**

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**Implementation, Oversight, Program Integrity, System Work, FTE, and Reporting Costs**

MHD FTE (\$0 FTE) & MHD Actuary (Actuary is 1st Year only)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
GR	\$1,013,918	\$936,329	\$946,179	\$974,564	\$1,003,801
Federal	\$3,041,753	\$2,808,985	\$2,838,533	\$2,923,689	\$3,011,400
Other	\$0	\$0	\$0	\$0	\$0
Total	\$4,055,671	\$3,745,314	\$3,784,712	\$3,898,253	\$4,015,201

**MMIS System Changes**

GR	25%	\$1,950,000	\$744,200	\$766,526	\$789,522	\$813,207
Federal	75%	\$5,850,000	\$2,232,600	\$2,299,578	\$2,368,565	\$2,439,622
Other		\$0	\$0	\$0	\$0	\$0
Total		\$7,800,000	\$2,976,800	\$3,066,104	\$3,158,087	\$3,252,830

**TOTAL**

GR		\$7,596,524	\$5,081,954	\$5,148,145	\$5,233,880	\$5,321,501
Federal		\$22,789,573	\$15,245,868	\$15,444,437	\$15,701,644	\$15,964,505
Other		\$0	\$0	\$0	\$0	\$0
Total	1.1%	\$30,386,098	\$20,327,823	\$20,592,582	\$20,935,524	\$21,286,006

**Department of Corrections and Department of Mental Health Savings**

**DOC In-Patient Savings**

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
GR	(\$3,177,461)	(\$3,177,461)	(\$3,177,461)	(\$3,177,461)	(\$3,177,461)
Federal	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Total	(\$3,177,461)	(\$3,177,461)	(\$3,177,461)	(\$3,177,461)	(\$3,177,461)

**TOTAL**

GR	(\$3,177,461)	(\$3,177,461)	(\$3,177,461)	(\$3,177,461)	(\$3,177,461)
Federal	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Total	(\$3,177,461)	(\$3,177,461)	(\$3,177,461)	(\$3,177,461)	(\$3,177,461)

Total Cost/(Savings) from Expenditure Side Only

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
GR	\$167,049,286	\$166,796,636	\$177,949,746	\$180,577,313	\$179,288,924
Federal	\$2,446,778,718	\$2,566,796,616	\$2,739,675,583	\$2,781,551,944	\$2,766,137,214
Other	\$91,490,001	\$92,716,356	\$99,449,604	\$100,714,215	\$99,505,821
Total	\$2,705,318,005	\$2,826,309,608	\$3,017,074,933	\$3,062,843,472	\$3,044,931,959

Other Savings/Reinvestment

DMH GR Savings - Existing Population moving to Expansion

Savings to be reinvested in the Department of Mental Health (DMH) programs to maintain state matching requirements for DMH federal grants.

GR	\$487,754	\$227,354	(\$212,804)	(\$212,804)	(\$212,804)
Federal	\$13,087,248	\$12,588,227	\$11,744,800	\$11,744,800	\$11,744,800
Other	\$1,021,268	\$1,001,766	\$968,791	\$968,791	\$968,791
Total	\$14,596,270	\$13,817,348	\$12,500,788	\$12,500,788	\$12,500,788